

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CALVERT INVESTMENTS)	
INC., FOR AN ADJUSTMENT OF RATES)	CASE NO.
PURSUANT TO THE ALTERNATIVE PROCEDURE)	8761
FOR SMALL UTILITIES)	

O R D E R

On July 27, 1983, Calvert Investments, Inc., ("Calvert") filed an application for rehearing of the Commission's Order entered July 7, 1983, on Calvert's rate request. Calvert requests a rehearing on the following issues: management fees; electric expenses; family employment; other labor and materials; routine maintenance; transportation; salary; telephone expense; insurance expense; agency collection fee; income tax; method of determination; and vagueness of a flat rate. On August 8, 1983, the Attorney General's Office ("A.G."), an intervenor of record, filed a response in opposition to a rehearing.

The Commission has carefully reviewed Calvert's application for rehearing and the evidence of record. Calvert's arguments on the issues of agency collection fee and vagueness of a flat rate have merit and warrant the granting of a rehearing. Since there is substantial evidence of record on these issues and they necessitate only minor corrections of technical errors in the Commission's July 7, 1983, Order, no useful purpose would be served by

holding a public hearing. Calvert has failed to present a meritorious argument or allege the existence of any evidence to justify a rehearing on any of the other issues.

In its Order entered July 7, 1983, the Commission reduced Calvert's test year expense for agency collection fee from \$6,512 to \$3,019. Calvert pays this fee to the Louisville Water Company ("LWC") for billing and collecting the sewer charges. LWC's fee is significantly lower if a sewer utility utilizes a flat rate rather than a usage based rate. The Commission's reduction of this fee was based upon Calvert's request to abandon its incremental sewer rates and to adopt a flat rate. Based upon the Commission's determination that Calvert's revenue requirements were significantly lower than its revenues, no rate adjustment was authorized and the flat rate design was not approved. Consequently, since Calvert still has a usage based rate, its test period agency collection fee of \$6,512 is a reasonable and proper operating expense.

Based upon Calvert's application for rehearing, the A.G.'s response in opposition and the evidence of record, the Commission is of the opinion and hereby finds that:

1. A rehearing should be granted on the issues of agency collection fee and vagueness of a flat rate.

2. The Commission's Order entered July 7, 1983, should be modified to allow an increase of \$3,493 in agency collection fee for a total fee of \$6,512. Based upon the additional earnings and applicable income taxes, Calvert's revenue requirements increase \$3,530 to \$54,674.

3. Calvert's revenue requirements of \$54,674 are \$10,500 less than its test period revenues.

4. Calvert has failed to present any arguments to justify a rehearing on the other issues raised in its application.

IT IS THEREFORE ORDERED that a rehearing be and it hereby is granted in accordance with Finding No. 1 and denied in all other respects.

IT IS FURTHER ORDERED that the Commission's Order entered July 7, 1983, be and it hereby is modified in accordance with Finding Nos. 2 and 3 and affirmed in all other respects.

Done at Frankfort, Kentucky, this 16th day of August, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary